



**Missouri Energy Stakeholder Process:  
Renewable Energy Sources Meeting, November 10, 2011  
Convened by the Missouri Department of Natural Resources  
at the Anita B. Gorman Discovery Center  
4750 Troost Ave., Kansas City, MO 64110**

## Meeting Summary

### Attendees

#### Stakeholders

Jensen Adams	Nicholas Barrack	Doug Bice	Joe Boland
Art Bott	Susan Brown	Josh Campbell	Steve Carroll
Trey Davis	Barry Dicker	Steve Flick	Rebecca Heffron
Kerry Herndon	Russ Hopper	Robin Hoursen	Tom Jacobs
Jeff Johns	Roy Jones	David Klindt	Roland Maliwat
Karen Massey	Dan Mohrman	Bob Painter	Frank Plescia
Robert Reed	Henry Robertson	Angie Rolufs	Mark Russell
Cara Schaefer	Tom Schultz	Kelly Smith	Tony Stafford
Cherlyn Voss	Robert Walker	Warren Wood	

#### Missouri Department of Natural Resources

Nicholas Newport	Llona Weiss	Brenda Wilbers	Mary Ann Young
Martha Buschjost			

#### Cadmus Team

Paul Parker	Adam R. Saslow	Robert Winters	Michele Wynne
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## Welcoming Remarks

*Llona Weiss, Director, Missouri Department of Natural Resources/Division of Energy*

Ms. Weiss opened the meeting at 10:01 a.m. and welcomed all Advisors, Subject Matter Experts (SMEs)/stakeholder participants, and observers. After presenting the mission and organization of the Missouri Department of Natural Resources (MO DNR) Division of Energy (DE), she provided background information on energy in Missouri and on the DE's activities, highlighting those related to renewable energy. The following is a summary of the information Ms. Weiss provided.

The MO DNR DE is a non-regulatory entity that works to protect the environment and to stimulate the economy through energy efficiency and renewable energy resources and technologies. The DE encourages the use of energy-efficient practices and technologies, provides technical and financial assistance for energy, participates in certain cases brought before the Public Services Commission (PSC), and deploys energy-efficiency programs through American Reinvestment and Recovery Act (ARRA) funding.

The ARRA programs add approximately \$235 million to the DE budget. ARRA monies fund weatherization, state energy programs, block grants, and ENERGY STAR<sup>®</sup> appliance programs. Post ARRA (after March 31, 2012), it will be necessary for the DE to reduce its staff to 35 full-time equivalent positions, including the public information coordinator and special assistant professional positions.

In the area of renewable energy, the DE has funded 17 renewable energy feasibility studies and two biogas projects; provided cost-shared grants to farmers; developed or is developing assessments of wind, biomass, and geothermal (ground source heat pumps) potential in Missouri; reviews for eligibility of certain tax incentives; reviews regulated electric utilities' resource plans for consideration of renewable resources; and provides information to citizens regarding resource potential, financial incentives and technical assistance. The DE also has some responsibilities with the state's renewable energy standards.

## Introductions

All participants introduced themselves, identified their role in this dialogue (Advisor or SME), and shared their energy credentials. Each person identified one key role they hope the DE might play in the coming year or two, which included:

- Acting as an information source that creates a level playing field;
- Work with the Department of Economic Development on new technologies;
- Addressing costs for designing programs;
- Promoting the development of alternative fuels;
- Promoting distributed generation;
- Taking a leadership position with the PSC on renewable energy and energy efficiency;
- Providing better education on the DE's programs and studies;
- Becoming a clearinghouse for energy information across the state;
- Being the expert on using the right fuel for the right application;
- Encouraging energy efficiency and renewable energy as similar paths to reducing fossil fuel usage;
- Promoting solar and following the will of the people on Proposition C (the Renewable Energy Standard);
- Promoting transmission policies for reliable and economic power;

- Establishing a common vocabulary for efficiency and renewable energy;
- Becoming a source of accurate, peer-reviewed information;
- Connecting existing and new businesses with new energy sources;
- Becoming more visible to the agricultural community and providing energy guidance to meet their needs;
- Continuing to include agricultural interests in the discussion;
- Developing new tools for modeling energy inputs and outputs;
- Finding logical and cohesive (not piecemeal) ways to advance to the next generation of technology while integrating energy efficiency and renewable energy with economic development (for reliable and cheap energy);
- Becoming more involved in pilot projects and feasibility studies;
- Being an information source;
- Encouraging energy efficiency and weatherization;
- Flipping the ratio of 90% fossil fuels to having renewable energy be used as the majority for long-term sustainability;
- Supporting sustainable energy development in the state;
- Integrating energy efficiency and renewable energy objectives while differentiating their uses;
- Promoting the integration of traditional energy, energy efficiency, and renewable energy, clarifying the different uses for each and keeping the stakeholder process active with quarterly meetings; and
- Being an unbiased information source on renewable energy and the best, most cost-effective energy sources.

## Orientation to the Dialogue

*Adam R. Saslow, Senior Facilitator, RESOLVE*

Mr. Saslow discussed the following topics:

### **The Path to Kansas City**

The DE engaged The Cadmus Group, Inc. to convene a stakeholder process to identify issues, priorities, and the DE's role in Missouri's energy future. In cooperation with DE, Cadmus identified Missouri stakeholders who had either a broad, general knowledge of energy issues (advisors to the process) or expertise in renewable energy (subject matter experts within the process). For the third and final meeting, the selected stakeholders were invited to Kansas City to discuss the issues and move toward a consensus on renewable energy priorities in Missouri and the DE's role in improving renewable energy development in the state.

The initial stakeholder workshop was held in Rolla on October 25, 2011. The topic of discussion was energy efficiency. The stakeholders identified three activities they want the DE to undertake:

1. Convene an adult conversation to discuss energy policies and issues.
2. Become a clearinghouse for vetted information.
3. Develop a state energy plan.

A second stakeholder workshop on traditional energy sources (e.g. nuclear, fossil fuel) was held in St. Louis on October 27, 2011. The stakeholders identified five strategic priorities for the DE:

1. Provide an analysis on the retirement of the aging infrastructure and the impact of regulations, especially on the cost of energy.
2. Develop a state energy plan.
3. Convene the adult conversation about energy issues.
4. Develop an Energy Center: a clearinghouse for vetted energy information.
5. Play a role at PSC proceedings.

A final public participation meeting will be held in Columbia on November 14, 2011.

## **Code of Conduct**

Mr. Saslow introduced the code of conduct and the ground rules for the stakeholder process. The code defines the culture, tenor, and cadence adopted for the duration of the process. It was designed to ensure a safe environment and a productive and progressive discussion.

The facilitators agreed to focus on identifying critical issues and the tasks that the MO DNR might complete in order to (1) move these issues forward in the months and years ahead and (2) accurately characterize that information/perspective as representing all, most, some, or none of the stakeholders.

## **The Charge**

The director of the MO DNR issued the following charge to the participants (included in the invitation letter):

*The stakeholder process will strive to elicit meaningful discussion on complex energy issues, trends, opportunities and challenges for the State of Missouri, the DNR and the DE.*

*Participants in the energy stakeholder process will work together with our project facilitator (Cadmus) to build consensus on what critical energy issues face Missouri today and in the near future. Together, we will identify and prioritize key implementable recommendations for where the Division of Energy should focus its efforts and expend its resources, post American Recovery and Reinvestment Act of 2009 (ARRA). The results of the stakeholder process will be used to develop an agenda for action for the Division of Energy and go on to inform the division's strategic planning, budget planning and resource allocation decisions.*

## Agenda

The agenda outlined four goals for the Renewable Energy Sources stakeholder meeting:

1. Develop a collaborative culture for dialogue;
2. Identify critical issues for the State of Missouri as they relate to renewable energy sources;
3. Discuss the possible role the DE might play in addressing these issues; and
4. Prioritize activities and define short-, medium-, and long-term objectives and outcomes for the DE.

## Decision Rules

Mr. Saslow noted that the meeting that day was simply a gathering of stakeholders. It was not a consensus-based process of any kind, it was not a state advisory group, and it did not have a formal title or assign responsibilities. The meeting was just people from a few different sides of the issue talking. Per Mr. Saslow, “*Consensus will be defined as a weight of opinion greater than half.*”

## General Context: Renewable Energy Within and Beyond the Missouri Border

*Paul Parker, Associate, The Cadmus Group, Inc.*

Paul Parker introduced the four goals for this process as delineated by the MO DNR and summarized the current situation in the State of Missouri regarding renewable energy. The goals are:

1. Maintain competitive costs for Missourians.
2. Promote a cleaner, greener economy that includes more renewable energy.
3. Provide strategies to achieve all cost-effective efficiency savings.
4. Achieve greater energy security through energy choices.

Missouri has significant biomass resources from agriculture, timber harvest residue, and landfill gas. Wind resources have the greatest potential in northern Missouri. The Missouri Renewable Energy Standard requires that 2% of each increment of the state's renewable energy standard come from solar power.

## General Discussion: Major Renewable Energy Issues and Challenges Facing Missouri in the Short Term (next year or two) and Long Term (next five years)

*Adam R. Saslow, Senior Facilitator, RESOLVE*

Mr. Saslow led a discussion focused on Missouri's renewable energy future. He asked the stakeholders to identify the key issues associated with renewable energy for the State of Missouri.

Stakeholders discussed consumers' desire for both renewable energy and for continued low-cost of energy. One participant indicated that if costs increase without consumers understanding why, they will revolt. They also agreed that the DE should not focus on affordable, low-cost energy to the detriment of social and environmental issues. The stakeholders noted that regulatory constraints and the aging electric generation infrastructure will raise the cost of energy from more traditional sources. Several stakeholders voiced the need to educate the public on the realities of future energy costs.

Several stakeholders suggested the state move away from its focus on short-term market drivers and look at long-term (20-year) resource planning (as is done by regulated electric utilities in Missouri). Eventually state energy costs will go up, regardless of whether the energy supply comes from renewable or traditional sources. Consumers need to be educated about this.

Mr. Saslow asked about the cost of renewable energy in Missouri and why other states have higher rates. Stakeholders estimated Missouri's renewable energy costs to be:

1. Solar: approximately 15 to 20 cents/kWh.
2. Biomass feedstock (wood): 3.5 to 5 cents/kWh wholesale.
3. Wind: 3.7 cents/kWh.

A stakeholder representing an electric utility noted that electricity from its biomass plant costs 9 cents/kWh wholesale, which does not include transmission costs. Mr. Saslow noted that while the economics may not facilitate the development of renewable resources in Missouri (where the costs/kWh are lower for electricity from traditional energy sources), it may be economically viable, or possibly even lucrative, to export renewable energy to neighboring states where average costs per kWh are higher by 20% or more.

One stakeholder noted that they are an independent wholesale solar provider, but Missouri does not allow retail energy transmission so they cannot sell directly to consumers. This may be a policy issue worthy of future discussion.

The stakeholders discussed the drivers for and barriers to developing new renewable resources. Some noted that investing in new generation capacity 15 years in the future is a big gamble. Developers and consumers are investing in their own renewable resources without financial support from the state.

A stakeholder suggested that Missouri focus on developing its regional capacity for wind and biomass. Missouri can be a net exporter of renewable energy to Europe because it has greater

available landmass. Expanding the development of transportation fuels for both domestic use and export was proposed.

Mr. Saslow asked who is obligated to help solve the problem of consumers simultaneously wanting cheap power and renewable energy. One stakeholder noted that consumers respond to incentives and disincentives. Developing a disincentive for consuming fossil-based energy (e.g., making it socially unacceptable) may change behavior.

A few stakeholders weighed in on the difference between consumers' electric and gas rates and the size of their energy bills. One recommendation was to use energy-efficiency measures to reduce the total bill, which would allow for some cost increases to support renewable energy. The DE should focus on making people more energy efficient. A stakeholder suggested that the DE focus on bringing the cost of coal-fired energy generation down.

One stakeholder stated that the overall challenge is the increase of players in the energy business, from independent feedstock producers, power generators, and electric transmission providers. Each group needs to make money.

A stakeholder suggested that issues and challenges should be addressed in an open manner where exchanging ideas is welcome. The DE's role should be providing leadership, fostering trust among all stakeholders, and offering information that is based on peer reviewed science or other filters.

## **State Energy Plan 101 – What Drives Them and How They Are Developed**

*Michele Wynne, COO, GSM Development, LLC*

Ms. Wynne provided the stakeholders with an overview of the purpose of state energy plans as a follow-up to discussions in previous stakeholder meetings.

Energy plans are neutral assessments of present and forecasted energy supply, production, and consumption, usually covering all forms of energy resources. In some states, the plans also identify policies that advance the state's energy goals. These goals may be associated with energy efficiency, energy independence, and/or decreasing the use of traditional fuels. Ms. Wynne provided examples of the contents and form of energy plans for Iowa, Kansas, Kentucky, and Nebraska.

Some stakeholders were concerned about the DE's statutory authority for developing a plan and the need for state approval. Others were not convinced that a plan would be beneficial if there were no legislative or gubernatorial mandate to take action on the recommendations. Others thought this stakeholder process was (or should be) a part of a plan's development. Such a process provides a place for developing a common vocabulary about energy concepts.

## **Beyond the Issues, What Services MO DNR Could Deliver (if Anything, and Specifically)**

The stakeholders discussed a range of key roles and services the DE could provide. The issue of transportation fuels was discussed, especially related to funding. The DE should lead by example by increasing use of renewable fuels in the state fleet and working with local urban planning departments to integrate alternative fuel solutions.



A stakeholder suggested that the DE facilitate a discussion on transportation fuels and disseminate information on alternative fuels. Stakeholders extended the concept and suggested that the DE become an information clearinghouse by highlighting demonstration projects for future opportunities.

Other suggestions included identifying grants at the federal level, being a voice for energy issues, integrating renewable and traditional energy and energy-efficiency policies and programs, advocating for renewable energy, providing original and objective analysis, and developing a common vocabulary.

The stakeholders coalesced around the ideas of the DE creating an information clearinghouse; developing the expertise to provide objective analysis on energy issues; and integrating energy efficiency, renewable energy, and traditional energy policies and programs.

## General Discussion: Strategic Priorities in Promoting and Managing Renewable Energy Resources in Missouri's Energy Portfolio

*Adam R. Saslow, Senior Facilitator, RESOLVE*

The stakeholders identified several important issues that the DE can impact. The stakeholder discussions centered on: (1) the dichotomy between the consumers' desire for both low cost and renewable energy sources, (2) eliminating patchwork energy policies, (3) the need for regulatory certainty (especially federal mandates), (4) the need for an open conversation on energy issues, and (5) developing and possibly exporting renewable transportation fuels.

The stakeholders identified two key issues that the DE should focus on. The first is resolving the potentially incompatible consumer goals of getting cheap energy and energy sourced from renewable energy projects. They are inconsistent and the stakeholders want the DE to educate consumers on the reality of future energy costs so they can make more informed decisions. The second key issue for the DE was to convene a forum for open conversations among the stakeholders.

The stakeholders discussed the difficulty of acquiring financing for renewable generation projects, specifically biomass projects. The lending community does not seem to understand the business model and does not appear to have access to neutral experts with whom to consult. The stakeholders unanimously agreed that the DE could assist by creating a process or advisory group for evaluating new or innovative renewable energy projects, but not perform the analyses.

Mr. Saslow then asked if the DE should continue to exist. The stakeholders unanimously affirmed the continued value and existence of the DE.

### Funding for the DNR-DE

When Mr. Saslow asked how the state should fund the strategies identified, the stakeholders suggested:

- Charge on utility bills



- Missouri technology appropriation (federal or state)
  - Endowment fund
  - Grants and royalties
  - Public benefit fund
  - General fund
  - Sales tax and assessments
  - Whatever funding was used in the past
  - Fee for information
  - Replicate the Vermont model
- One stakeholder noted that there should be a broader discussion of funding sources to include more stakeholders as this is a critical issue and needs more attention.

## Review of Progress and Next Steps

*Adam R. Saslow, Senior Facilitator, RESOLVE*

Mr. Saslow summarized the accomplishments made during the meeting. The participants identified these strategic priorities for the DE:

1. Clearinghouse of vetted information.
2. Provide a forum for open conversation.
3. Develop a process for evaluating new renewable energy resources.

He invited all participants to attend the public meeting on November 14, 2011 in Columbia.

## 4:30 PM Adjourn

Ms. Weiss adjourned the meeting at 4:30 p.m.